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Vicksburg Chemical idles production;  
parent seeks Chapter 11 bankruptcy protection

Vicksburg Chemical Co. idled its production in the wake of a bankruptcy filing by its parent Cedar Chemical Corp. While the filing came Mar. 8, Vicksburg said production had been down a few days before as the result of mechanical problems. As of Mar. 14, the company was in a "warm standby" until a decision is made to resume production, according to a company official.

With the idling came the layoff of 65 employees, which represents 60 percent of the company's workforce. Vicksburg, which produces potassium nitrate products, has an annual capacity of approximately 200,000 st/y. Vicksburg also has the capacity to produce mono-ammonium phosphate; however, the product has not been produced in a few years.

In total, about 65 percent of Cedar Chemical's combined work force at its Arkansas and Mississippi plants are laid off, according to Yehuda Yoked, Cedar Chemical president and CEO. "The court has approved a cash-collateral budget and a creditors' committee has been established," he told Green Markets. "At this stage, no details as to the future are available."

Vicksburg says it will take care of customers with existing inventories. However, at least one customer last week told Green Markets they were told not to expect product promised for April.

While the company initially indicated that the plant's idling was temporary, some market sources were not so sure. Indeed, in its bankruptcy documents, Cedar Chemical suggests that it ultimately plans to shed its assets, saying all parties are best served by the continuation of its business operations as a debtor-in-possession under Chapter 11 until sale of its assets as a going concern and a confirmation of a Chapter 11 plan.

Cedar Chemical filed for Chapter 11 bankruptcy protection in New York. It listed total assets as of Dec. 31, 2001 of \$59.3 million and debts of \$110.8 million. Liabilities do not include contingent liabilities that the company may still face as a result of lawsuits over a 1995 nitrogen tetroxide release in Bogalusa, La. (GM Archives). In the filing, the company said the immediate cause of the bankruptcy was the inadequate liquidity to fund existing operations and to satisfy ongoing obligations. It said underlying financial difficulties arose out of the continuing decline in profitability in a competitive environment.

Cedar Chemical is owned by Nine West Corp., which is owned by private Trans-Resources Inc. of New York City. TRI, according to its last 10Q (Nov. 17, 2000), is a wholly owned subsidiary of TPR Investment Associates Inc.

TRI's major assets include Cedar Chemical and Haifa Chemicals Ltd., also a potassium nitrate maker. More recent additions have included smaller fertilizer companies Na-Churs/Alpine Solutions, Marion, Ohio; Plant Products Co. Ltd., Brampton, Ont.; and EMV Kft., of Hungary.

TRI estimated in its last 10K filing (March 30, 2000) that in 1999, 33 percent of its assets are in the United States and 67 percent in Israel. TRI had a 1999 loss of \$15.9 million on sales of \$497 million. Of those sales, specialty plant nutrients contributed \$319 million, industrial chemicals \$109 million and organic chemicals \$69 million.

J.P. Morgan Chase of New York is listed as the major secured creditor and is owed \$83.2 million. However, it was noted that this was covered by only \$59.3 million in collateral.

